



Office of Inspector General

Annual Report

September 24, 2024

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The Caldwell Building, Suite 212
107 East Madison Street
Tallahassee, Florida 32399

Ms. Melinda Miguel, Chief Inspector General
Executive Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Secretary Kelly and CIG Miguel:

I am pleased to submit the Office of Inspector General's Annual Report for fiscal year 2023 - 2024, as required by section 20.055, Florida Statutes.

We remain committed in our work with the Department's management and staff to promote efficiency, accountability, and integrity. Thank you for your continued support.

Sincerely,



James E. Landsberg
Inspector General

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HIGHLIGHTS

The Office of Inspector General (OIG) completed the projects below during the 2023 - 2024 fiscal year.

Investigative Activity

- Completed eight inquiries, one management referral, and one law enforcement referral;
- Responded to approximately 1,500 requests for management resolution or general assistance, including over 775 Reemployment Assistance Program referrals; and
- Coordinated the resolution of complaints with Department management and with other parties having appropriate jurisdiction.

Audit Activity

- Conducted six operational audits and three management reviews, resulting in 20 findings and 35 recommendations;
- Performed liaison activities for two external audits;
- Coordinated two external engagements with 12 findings and 16 recommendations; and
- Facilitated corrective action for all significant recommendations in prior audits and reviews.

Other Activity

- Conducted a Department-wide risk assessment;
- Prepared the annual and long-term audit work plan; and
- Provided technical assistance to Department managers as needed.

INTRODUCTION

Purpose of this Report

Section 20.055, Florida Statutes (F.S.), requires each Office of Inspector General to prepare an annual report describing its activities during the preceding state fiscal year. This report includes the following:

- A description of activities relating to the development, assessment, and validation of performance measures;
- A description of significant deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities;
- A description of the recommendations for corrective action made by the inspector general during the reporting period with respect to significant problems, abuses, or deficiencies identified;
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each investigation and audit completed during the reporting period.

This document is presented to the Secretary of Commerce and the Chief Inspector General.

Summary of the Department

Section 20.60, F.S., states the mission of the Department of Commerce is to assist the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians. The divisions of the Department are as follows:

1. Economic Development
2. Workforce Services
3. Community Development
4. Information Technology
5. Finance and Administration

The Division of Economic Development provides support for attracting out-of-state businesses to Florida, promoting the creation and expansion of Florida businesses, and facilitating the state's economic development partnerships.

The Division of Workforce Services partners with CareerSource Florida and the state's Local Workforce Development Boards to strengthen Florida's business climate by supporting employers and by helping Floridians gain employment, remain employed, and advance in their careers. The primary initiatives and activities of the Division of Workforce Services are carried out in the Bureaus of Workforce Statistics and Economic Research, One-Stop and Program Support, and Reemployment Assistance.

The Division of Community Development fosters economic development in the state's rural and urban communities through opportunities, assistance, and partnerships with entities that balance local and state growth management needs. The primary initiatives and activities of the Division are carried out in the Bureaus of Small Cities and Rural Communities, Community Planning and Growth, Economic Self Sufficiency, Office of Broadband, and the Office of Long-Term Resiliency.

The Division of Information Technology seeks opportunities where technology can help support the creation of jobs in Florida's economy. The primary initiatives and activities of the Division are designed to align everything information technology does with the Department's needs. The goals of the Division are to eliminate duplicative services, improve the governance model, and leverage third party verifiable sources for efficiency improvements while enhancing accountability and mission integrity.

The Division of Finance and Administration provides support through management of activities related to budget, finance, general services, and human resources. The primary initiatives and activities of the Division are carried out within the Bureaus of Budget Management, Financial Management, Financial Monitoring & Accountability, General Services, and Human Resource Management.

MISSION AND ORGANIZATION

As stated in section 20.055, F.S., the role of the OIG is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in the Department.

The OIG has established the following priorities to help ensure success in fulfilling our mission:

- **Sufficiency** – Provide quality audits, investigations, reviews, and other services in accordance with professional standards and, where applicable, federal, and state regulations.
- **Timeliness** – Perform audits, audit resolution, investigations, and reviews in a timely manner.
- **Added Value** – Perform activities designed to add value and improve the Department's operations.
- **Awareness** – Promote awareness regarding OIG roles and responsibilities as well as awareness regarding the duty to report fraud, waste, and abuse.

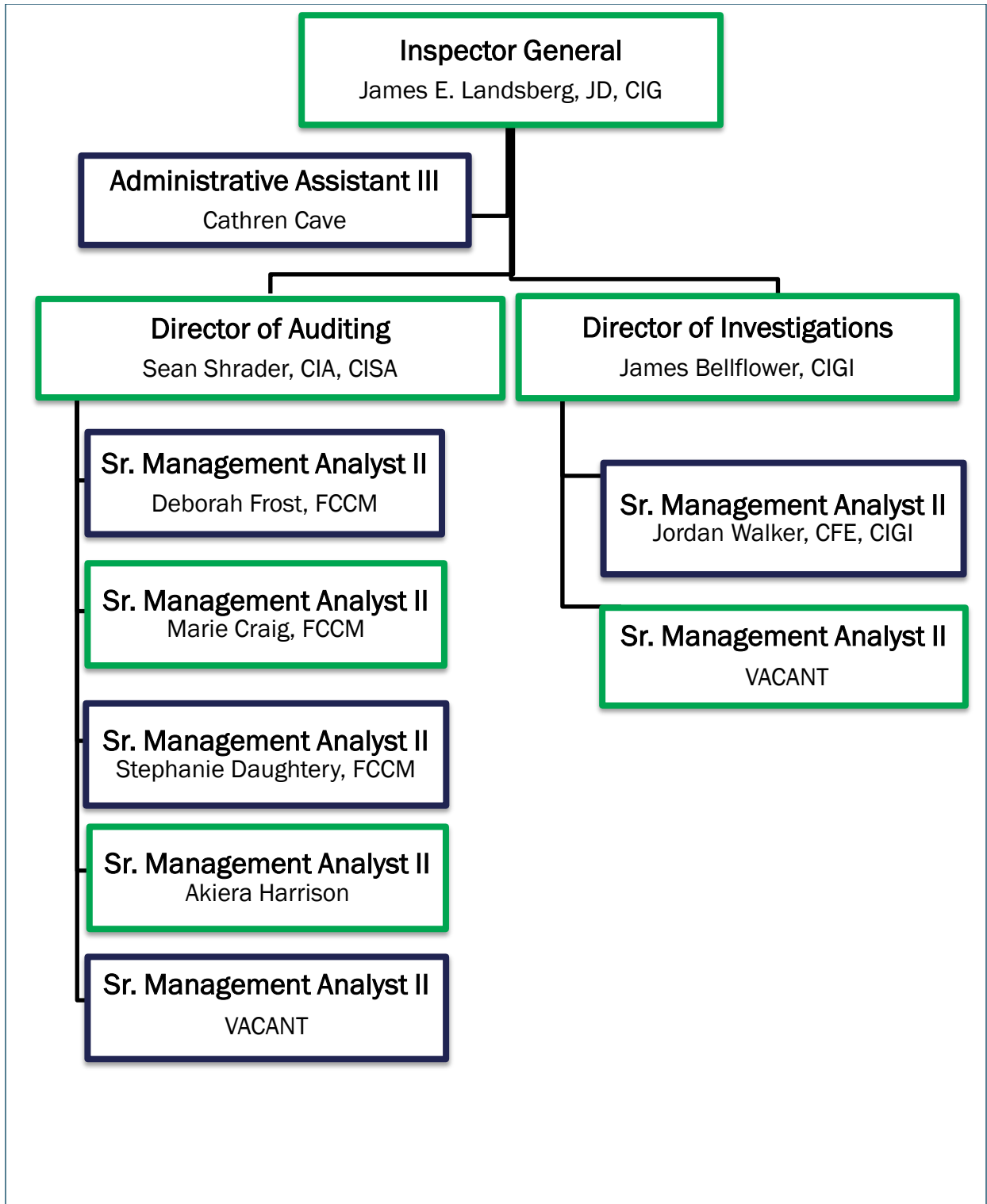
The primary goal of OIG is to provide independent and objective information in a timely manner to assist the Department's Secretary and management team in fulfilling their duties and responsibilities.

Commission for Florida Law Enforcement Accreditation

As part of OIG's continuing effort to better accomplish its mission, the Investigations Section pursued credentials through the Commission for Florida Law Enforcement Accreditation. This Commission accredits law enforcement agencies and Offices of Inspectors General within the State of Florida that attain specific standards for operations, investigations, and other activities. The OIG's Investigations Section achieved reaccreditation on June 16, 2022, after establishing compliance with 48 standards.

Organizational Profile

The OIG had a staff of 11 positions during the fiscal year. Our structure was as follows:



Professional Certifications

Certifications held by the staff include:

- One Certified Inspector General (CIG);
- One Certified Internal Auditor (CIA);
- One Certified Information Systems Auditor (CISA);
- Two Certified Inspector General Investigators (CIGI);
- Three Certified Florida Contract Managers (FCCM);
- One Certified Fraud Examiner (CFE);
- Two Notaries Public;
- Two Accreditation Assessors - Commission for Florida Law Enforcement Association (CFA);
- One Florida Bar Member (JD)

Professional Affiliations

OIG staff members are affiliated with:

- National Association of Inspectors General (AIG);
- Florida Chapter of the Association of Inspector General (FCAIG);
- Institute of Internal Auditors (IIA);
- Tallahassee Chapter IIA (TCIIA);
- The Florida Bar;
- Information Systems Audit and Control Association (ISACA);
- Tallahassee Chapter ISACA (TCISACA);
- Association of Government Accountants (AGA);
- Tallahassee Chapter AGA (TCAGA);
- Association of Certified Fraud Examiners (ACFE);
- The Florida Commission for Law Enforcement Accreditation (CFA)

INVESTIGATIONS SECTION

The Investigations Section conducts and coordinates activities designed to detect, deter, and prevent fraud, waste, mismanagement, misconduct, and other abuses. These activities include investigations, inquiries, management referrals, and coordination with law enforcement.

Investigations

The OIG conducts investigations designed to provide Department management with objective, fact-based assessments to help ensure the integrity and efficiency of both management and operations. Topics of investigation may include contract procurement violations, conflicts of interest, gross mismanagement, disruptive behavior, falsification of records, and data manipulation. Investigations also encompass misconduct by workforce service providers and other vendors who offer products and services under contract with the Department.

Inquiries

Inquiry cases are opened when it is unclear whether a full investigation is warranted. In such cases, facts are gathered and a determination is made whether to proceed with a substantive investigation. Inquiries are used to report findings related to complaints or other issues to the Secretary and Department managers where no specific wrongdoing by any one person is implied. Inquiries concentrate on Department or partner processes rather than allegations against a specific subject. An inquiry can result in a written report which summarizes the issues and provides recommendations for correction, if necessary.

Management Reviews

Management Reviews are prompted for a variety of reasons. Primarily, management will request that OIG review a program for inefficiencies or vulnerabilities and make recommendations for improved delivery of programmatic services.

Management Referrals

Management Referral cases are opened when OIG receives complaints which do not rise to the level of significance that warrant a substantive investigation. These complaints are referred to management and are monitored until an outcome report is received and reviewed by OIG.

Law Enforcement Referrals

Law Enforcement Referral cases are those reported to the Florida Department of Law Enforcement (FDLE) or other law enforcement agencies, as appropriate, when the Inspector General has reasonable grounds to believe there has been a violation of criminal law.

Summary of Investigative Activity

The Investigations Section completed ten projects and received approximately 1,500 requests for management resolution or general assistance. The table below summarizes significant projects completed during the fiscal year.

Closed Investigative Projects July 1, 2023 – June 30, 2024	
Project	Summary
2023/24 - 0009 Inquiry	A complainant alleged the following related to services at a Local Workforce Development Board (LWDB): (1) She was enrolled and approved in a Disaster Recovery Dislocated Worker Grant but never received grant funds; (2) Staff of the LWDB engaged in “grant fraud” using the complainant’s identifying information; (3) An employee of the LWDB used a personal cell phone to take photos of the complainant’s identification. OIG found the LWDB did not engage in grant fraud and did not wrongfully deny services to the complainant. OIG did find that an LWDB employee violated information security policy by photographing the complainant’s identification with a personal cell phone and using the phone to email the photo to the LWDB for enrollment purposes. OIG informed management and the project was closed.
2023/24 - 0013 Inquiry	An employee of a partner organization alleged the organization discriminated against him and failed to post notice of board meetings. As to the discrimination complaint, OIG deferred to the Florida Commission on Human Relations. We conducted an inquiry regarding the Sunshine Law allegation and determined the organization posted notice of all relevant board meetings in the Florida Administrative Register. Only one notice was posted in a significantly shorter time prior to the meeting than recommended in the Florida Sunshine Manual. OIG informed management and the project was closed.
2022/23 - 0040 Inquiry	OIG reviewed procurement practices of a Local Workforce Development Board (LWDB) as requested by management. We determined the LWDB did not retain required records in some instances. The LWDB stated it was in the process of reviewing its procurement policies and we recommended the LWDB accomplish the following: (1) Ensure compliance with simplified acquisition procedures; (2) Incorporate CareerSource Florida administrative policies into local procedures; and (3) Address proper maintenance of records. The LWDB concurred with the recommendations and the project was closed.

**Attachment I includes a summary of additional investigative activity.*

AUDIT SECTION

The Internal Audit function is designed to be an independent, objective assurance and consulting activity which adds value and improves the Department's operations. Its objective is to help the Department accomplish its goals by bringing a systematic, disciplined approach to the evaluation of internal controls and governance processes. Although conducting internal audits is the primary mission of the Audit Section, substantial benefit is provided to the Department through several other functions. These include consulting engagements, coordination with external auditors, resolution of audits with federal grantors, tracking audit findings, and risk analysis.

During fiscal year 2023 - 2024, the Internal Audit unit performed six formal audits and three reviews summarized later in this report. First, we will address the development of our annual and long-term audit work plan.

Work Plan Development

Section 20.055(6)(i), F.S., requires the Office of Inspector General to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management.

In April 2024, OIG sent a risk assessment survey to executive management and FloridaCommerce managers from all divisions and performed in-person interviews with selected senior managers. The risk assessment process had two purposes: (1) To help ensure that Department risk exposures are understood and managed; (2) To assist in identifying OIG work plan assignments. We considered the results of these surveys and interviews in the development of our annual audit plan.

Significant Audit Projects

OIG performed the tasks below related to the development, assessment, and validation of performance measures.

In June 2024, we assessed the reliability and validity of information provided by the Department for performance measures and standards related to the Long-Range Program Plan (LRPP). We also evaluated the accuracy of information reported for one contract deliverable specified in the Department's agreement with Enterprise Florida, Inc.

We made the following observations:

- A performance measure applicable to the Bureau of Economic Self Sufficiency was valid, but the data used by the Bureau was incomplete and the reporting was therefore not reliable or accurate.

We recommended the following:

- Follow the procedure to collect and track the data in accordance with the LRPP;
- Provide training on the data collection requirements and reporting processes to all necessary FloridaCommerce personnel and Community Action Agency members.

Audit of The Agricultural and Labor Program, Inc. (ALPI) – Project No. 2022/23-0004

This audit focused on ALPI's internal controls over financial management, fraud mitigation, and reporting.

We found that ALPI could improve contractual compliance by:

- Ensuring documentation provided with each reimbursement request supports expenditures in sufficient detail;
- Ensuring payments to LIHEAP vendors on behalf of approved applicants are issued within the 45-day requirement;
- Ensuring that ALPI notifies FloridaCommerce of acts pertaining to fraud;
- Ensuring the Board of Directors' ethics forms are properly completed;
- Creating procedures for reporting fraudulent checks to FloridaCommerce.

We also found that the FloridaCommerce Bureau of Economic Self Sufficiency could improve contractual compliance by ensuring required on-site monitoring is conducted within three years.

Audit of Enterprise Cybersecurity for Identity and Access Control – Project No. 2022/23-0019

This audit focused on the Department's cybersecurity identity management and access control policies, procedures, and activities for selected agency systems. This audit report is confidential pursuant to section 282.318(4)(g), F.S.

Audit of Community Action Program Committee (CAPC) – Project No. 2022/23-0022

This audit focused on CAPC's internal controls over financial management, fraud mitigation, and reporting.

The findings and recommendations are summarized below.

- FloridaCommerce could improve contractual compliance by ensuring that monitoring is conducted every three years;
- CAPC could improve contractual and statutory compliance by ensuring audit reports are submitted within the required timeframe; and
- FloridaCommerce could improve monitoring of subrecipients' single audit submissions to ensure they are being submitted in a timely manner.

Audit of Physical Security – Project No. 2022/23-0030

This audit focused on physical security controls at the Caldwell Building. The findings and recommendations are summarized below.

- Security could be enhanced by ensuring timely deactivation of employee badges after separation;
- Contractual compliance could be improved by ensuring the submission of all required reports and rosters; and
- Accuracy and accountability regarding hours worked by security guards could be improved by ensuring consistency between salary invoices and sign-in logs.

Audit of Visit Florida – Project No. 2023/24-0003

This audit evaluated whether Visit Florida designed and implemented controls necessary to ensure its contractual services are performed and documented in accordance with applicable requirements. OIG made no negative findings or observations.

Audit of Information Technology (IT) Physical Inventory Management – Project No. 2023/24-0007

This audit focused on internal controls over inventory management. This audit report is confidential pursuant to section 282.318(4)(g), F.S.

Review of Internal Controls regarding Confidential Data – Project No. 2023/24-0015

As part of FloridaCommerce’s Memorandum of Understanding with the Department of Highway Safety and Motor Vehicles (HSMV), we performed a review to ensure controls are in place for the protection of confidential information. We reviewed controls related to the data exchange provided through HSMV. The findings and recommendations are summarized below.

- Compliance with the HSMV MOU could be improved by creating a process to report misuse of HSMV data.
- Compliance with the HSMV MOU could be improved by ensuring Database Administrators receive and acknowledge security awareness training.

Management Review of Florida Housing Performance Measures – Project No. 2023/24-0025

This review was performed on a quarterly basis to ensure that Florida Housing Finance Corporation had appropriately met and reported their quarterly performance metrics. Each of the quarterly reports reviewed by OIG correctly reported the performance measures as being met.

**Attachment II includes a summary of additional audit-related activity.*

ATTACHMENT I

Additional Investigative Activity July 1, 2023 – June 30, 2024	
Project	Summary
2022/23 - 0027 Inquiry	A complaint filed with the Department of Management Services (DMS) Office of Inspector General alleged mismanagement of a State Term Contract that affected multiple state agencies, including the Department of Commerce. OIG coordinated with DMS and the Office of the Chief Inspector General. The review remains open.
2022/23 - 0039 Inquiry	A former Department employee alleged management violated the law by asking her to interview job candidates for positions that were not advertised. OIG determined no law violation occurred and closed the project.
2023/24 - 0001 Referral to Law Enforcement	A Department employee received an email from a citizen that was perceived as threatening. OIG contacted law enforcement to evaluate whether the citizen was an actual threat.
2023/24 - 0011 Inquiry	A complainant expressed concerns about services at a Local Workforce Development Board (LWDB). He alleged the LWDB represented that he would be provided Commercial Driver's License (CDL) training after completing 450 hours of work as a crew lead in a Hurricane Restoration Program offered by the LWDB. The complainant further alleged the LWDB refused to provide the training. OIG determined the complainant had not submitted the necessary scholarship application with the LWDB and that he may be eligible. OIG facilitated communication between the LWDB and the complainant, who was ultimately enrolled in CDL training and was satisfied with the support. The project was closed.
2023/24 - 0014 Inquiry	Management reported to OIG that an employee received a threatening voice message from an anonymous caller. OIG was able to identify the individual and worked with program staff to resolve the individual's concerns. After a period of monitoring by the OIG, no further threats were received by the Department. The project was closed.
2023/24 - 0016 Inquiry	A Department employee expressed concerns regarding her work environment and alleged a familial relationship between a manager and a vendor's employee created an ethics violation. After consultation with the Department's Chief Ethics Officer, OIG determined there was no conflict of interest and no ethics violation. The project was closed.
2023/24 - 0027 Management Referral	A business contacted OIG to express concerns regarding comments made by a Department employee while interacting with staff of the business. OIG gathered information and provided it to management for action deemed appropriate. The project was closed.

ATTACHMENT II

Additional Audit-Related Activity July 1, 2023 - June 30, 2024	
Project	Summary
2023/24 - 0020	Performed liaison activities related to the following state and federal audit projects: <ul style="list-style-type: none">• Auditor General Federal Awards Audit for fiscal year 2022 - 2023;• Office of Program Policy Analysis and Government Accountability (OPPAGA) Review of Economic Development Programs; and• Six-month follow-up on the Auditor General Federal Awards Audit for 2022, Report No. 2023-174.
2023/24 - 0002	Coordinated an update of the Catalog of State Financial Assistance.
2023/24 - 0024	Performed the 2024 - 2025 risk assessment and developed the annual work plan.

— End of Report —